

## **3<sup>rd</sup> Pak – U.S. Strategic Dialogue**

### **Water Working Group** **Washington, October 20, 2010.**

#### **Minutes**

1. The Water Working Group met on October 20, 2010 under the 3<sup>rd</sup> round of Pak –U.S Strategic Dialogue in Washington DC. Pakistan side was led by Mr. Muhammad Shakil Durrani, Chairman WAPDA, while the U.S side was led Ms. Mario Otero, Under Secretary of State for Democracy and Global Affairs. List of participants of both sides is attached.
2. In her opening remarks, Ms. Mario Otero welcomed the Pakistan delegation and expressed the hope for developing a good understanding of each other's views, especially on implementation status of the benchmarks set by both sides in the previous meetings of the Water Working Group.
3. Thanking the U.S side for the hospitality shown to his delegation, Chairman WAPDA began the discussion by briefing the U.S side on the impact of recent floods on the water infrastructure of the country.
4. He told the participants that the floods in last two months were of "biblical" proportions and were unforeseen. The flow of water at various barrages even surpassed the historic flood levels of 1929. He thanked the U.S side for their generous contribution for the flood victims.
5. Given the magnitude of the disaster, Pakistan was fortunate that there was no major damage to its water infrastructure, barring minor damages of around Rs. 13 billion. The majority of the damage was not to major dams or barrages but to irrigation canals and lower waterways.
6. World Bank and ADB have estimated loss to the economy at around US\$ 9 billion. Disturbance in the water table would result in delays in some ongoing water projects, as water experts were busy in flood relief activities.
7. When asked about the impact of floods on agriculture and crop yield, Mr. Durrani, said the main priority of the Government was to ensure timely sowing of the wheat crop by early November. Damage to irrigation canals will definitely limit water availability; however, high yield is expected due to rich alluvial soil after the flooding. The Government had distributed seeds at concessional rates to the farmers and had also raised the wheat purchase price to give an incentive for high crop yield.
8. Later, Mr. Junaid Iqbal, Secretary Food & Agriculture, briefly joined the Water Working Group meeting to apprise the participants to the impact of floods on agriculture for the current season and its possible effect on next year's crop. He informed that there will be a decrease in production of nearly 2.5 million bales of cotton, 2 million tons of rice, and 0.6 million tons of wheat. The prospects for cultivation of wheat are also being seriously constrained by damages to irrigation canals of slow pace of receding water in the cultivation belt.

9. When asked about the High Efficiency Irrigation System projects. Mr. Junaid Iqbal said while Pakistan attaches importance to these projects, they are not an immediate priority at the moment and if there are slight delays in operationalizing the High Efficiency Irrigation System projects, then their funding for the current year may be channeled to some other initiatives within the Agriculture group.
10. Ms. Otero then asked about a briefing on the efforts to formulate a national water policy and regulatory framework for water. She stressed it was important that the provinces were also on board during the preparations to formulate a national water policy as the ultimate implementation has to be done at the provincial level.
11. Chairman WAPDA highlighted the efforts to bring together a coherent and visionary water policy that would include elements such as reducing inefficient water usage, improve cost recovery, increasing water storages, removing subsidies and improving water management systems.
12. He said-recently, round of consultation was concluded in Islamabad, in which representatives of all four provinces were fully on board. They had objected to having a regulatory body for water but they were supportive to a national water commission. In a follow-up to these consultations, Chairman WAPDA will be making presentations to the Chief Ministries of all provinces regarding the National Water Commission, which will serve as a regulatory and recommendatory body on all water issues.
13. He also mentioned that enabling legislation would be required at the federal and provincial levels to enact a national water policy and ensure its implementation through a national water commission. Ms. Otero said the U.S. would be willing to assist in every way to facilitate enabling legislation at the provincial and federal level.
14. Mary Beth Goodman gave the participants a short briefing on the water sector discussing at the recently held FODP Ministerial meeting in Brussels. She said that similar to the Energy sector, the Water sector will also have its comprehensive and integrated sector plan which will be developed by a water task Force through the Asian Development Bank. FODP Ministerial had endorsed this concept and was fully supportive of this initiative. The scope of work is being developed and it is likely to prepare its recommendations within the next six months.
15. Chairman WAPDA appreciated the FODP's initiative and said the work of the envisaged water task force would be helped by the ongoing efforts of the Pak-U.S. Water Working Group, which was already at an advanced stage of developing a national water policy. Ms. Otero stressed the need to have an integrated and coherent policy so that all efforts to assist the Government of Pakistan are complementary and not repetitive.
16. USAID representatives then gave a detailed briefing on the status of implementation of ongoing projects announced by Secretary Clinton as "Signature Water Projects" in July 2010. On the project in Peshawar, the Khyber Pakhtunkhwa government has set up a project steering Committee and on ground surveys have begun. Completion will require at least two years.

17. The Jacobabad project has been delayed due to floods however project activities will be back on track in few weeks. Project implementation letter of the Municipal Service Delivery programme is expected to be signed with the Government of Punjab by end of October but the project may take longer than six months to begin.
18. On Gomal Zam Dam, the scope of work of the irrigation component is being reviewed and it is likely to be completed by December. Satpara Dam was visited by U.S experts in October and WAPDA had indicated financial constraint to them, with additional US\$ 26 million requested. USAID team had visited 10 out of 26 proposed water storage sites in Baluchistan. However, Chairman WAPDA suggested USAID should also meet by Chief Minister and Chief Secretary Baluchistan, to implement this project.
19. Delays are affecting High Efficiency Irrigation System (HEIS) project due to certain corrective measures suggested by Ministry of Food & Agriculture. PC-I document of the project is still pending approval. (Secretary, Food & Agriculture, during his brief appearance in the water Working Group, suggested if there are delays, the funds may be reallocated during current financial year to some other agriculture related activity).
20. On Diamer Basha Dam Chairman WAPDA said that this mega project had many benefits and was at an advance stage. It would provide additional water storage capacity of 8 Million Acre Feet (MAF) and would also have power generation capacity of 19 billion KV. But the most important feature of the dam would be flood mitigation as it could hold an enormous amount of water and would prevent overflow of floods to the rest of the river system.
21. Chairman WAPDA said he was confident that with assistance of ADB, Pakistan would be able to raise to funds for building Basha Dam, however, he invited the U.S. government to provide a token investment of around US\$ 10 million to this project to encourage better risk insurance and even possible involvement of EXIM Bank. The U.S. side promised to look into the request.
22. Pakistan side also requested for early release of funds, especially on Gomal Zam and Satpara Dam, where environmental assessment is required by EPA in the U.S, however contracts are getting agitated due to time consuming assessments. Similarly, Chairman WAPDA also reiterated need for technical assistance, including identifying a glaciologist to visit Pakistan as well as team of U.S. Army Corps of Engineers and Bureau of Reclamation to conduct training of Pakistan engineers.
23. He also informed U.S. side about possibility of organization a donors conference on Kurram tangi Dam, which is located in the tribal belt. The World bank had agreed to fund the project which can generate around 84 MW electricity. This project specific donors conference would be arranged by Economic Affairs Division of Pakistan.
24. At the end of the meeting, Mr. Otero presented the key outcomes of the proceedings, which included the following (text of outcome document prepared by U.S. side and endorsed by Pakistan side, is reproduced below):-

- Discussed the impact of the flood on national water supply and infrastructure, especially dams, storage and delivery systems.
- Reviewed implementation status of Secretary Clinton's Signature Water Programme for Pakistan. Project preparations are underway. Work will likely begin in earnest in six months for most of the projects. USAID agreed to work to incorporate cost recovery activities into each of the project as appropriate.
- Reviewed Government of Pakistan's priorities on water, including the Basha Diamer Dam and the establishment of a national water commission.
- Identified key areas where the U.S. government can provide technical assistance to facilitate progress on policy and regulatory reform - e.g., glaciology, dam design and operations, remote sensing. This could include sending U.S. government technical experts to Pakistan (U.S. Army Corps of Engineers, U.S. Bureau of Reclamation) and/or bringing Pakistani experts to the U.S. for extended training.
- Agreed to take steps to integrate the work of the Water Working Group and the government of Pakistan on a national water policy into the water task force effort by FODP, led by Asian Development Bank (to avoid duplication and ensure ownership).
- Discuss strengthening the role of provinces in the projects and development of a national water policy and commission.
- Discussed steps to engage international donors and underscored the need for these activities to be in full alignment with Pakistan's priorities and objectives of the Water Working Group.
- Agreed to meet in spring 2011.

## **3<sup>rd</sup> Pak – U.S. Strategic Dialogue**

### **Water Working Group** **Washington, October 20, 2010.**

#### **List of participants**

##### **Pakistan:-**

1. Mr. Muhammad Shakil Durrani, Chairman WAPDA - Chair
2. Mr. Junaid Iqbal, Secretary Food & Agriculture (attended briefly)
3. Mr. Muhammad Imtiaz Tajwar, Secretary WAPDA
4. Mr. Salman Sharif, Second Secretary, Embassy of Pakistan
5. Mr. Olass Khan, IVLP (observer)
6. Mr. Muhammad Ishfaq Khan, IVLP (observer)
7. Mr. Zahoor Ahmed Barlas, IVLP (observer)
8. Mr. Muhammad Jawed Riarh, IVLP (observer)
9. Mr. Agha Zafarullah Durrani, IVLP (observer)

##### **United States:-**

1. Ms. Mario Otero, Under Secretary for Democracy & Global Affairs – Chair
2. Ms. Mary Beth Goodman, SRAP
3. Mr. Bob Deutsch, SRAP
4. Mr. Kate Wiehagen Leonard, SRAP
5. Mr. Aaron Salzberg, OES
6. Ms. Sharon Waxman,
7. Mr. David Mc Cloud, USAID
8. Mr. Mehmood Mir, USAID
9. Mr. Christian Holmes, USAID
10. Mr. Doug Walker, SRAP
11. Ms. Diana Rossiter, TDA
12. Mr. Andrew Sisson, USAID/ Embassy